

## **INFORMATION BULLETIN #13**

### **INCOME TAX**

**JUNE 2008**

(Replaces Information Bulletin #13 dated October 1997)

**DISCLAIMER:** Information Bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is not consistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided in this Bulletin should only serve as a foundation for further investigation and study of the current law and procedures related to its subject matter.

**SUBJECT:** WITHHOLDING OF ADJUSTED GROSS INCOME TAX ON  
RETIREMENT PAY

**EFFECTIVE DATE:** January 1, 2009

**REFERENCE:** IC 6-3-4-15.7

### **Introduction**

Indiana law requires the withholding of adjusted gross income tax and local option income tax from a pension distribution if the payee requests withholding.

### **Election To Have Withholding On A Pension Payment**

The payer of a periodic or nonperiodic distribution under an annuity, a pension, a retirement, or other deferred compensation plan paid to an Indiana resident (payee) is required to withhold Indiana adjusted gross income tax and local option income tax if the payee makes such a request.

The request for withholding state and local tax must be made in writing. The request must list the payee's:

- Name,
- Current address, and
- Social Security number.

The request must also:

- Specify the flat whole-dollar amount of state and local tax to be withheld from each payment,
- List the payee's Indiana county of residence,
- List the contract, policy or account number to which the request applies, and
- Be dated.

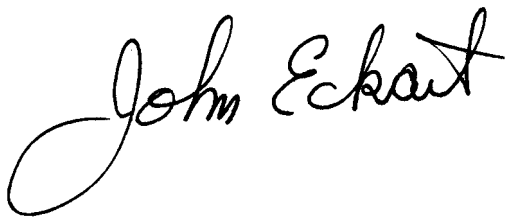
The request for withholding remains valid until the payee changes or revokes the authorization in writing.

### **Amount To Be Withheld**

The payer is not required to withhold state and local income tax from a payment if the amount to be withheld is less than ten dollars (\$10.00), or if the amount to be withheld would reduce the payment to less than ten dollars (\$10.00).

### **Requirements Of The Withholding Agent**

The withholding agent is responsible for custody of withheld funds, for reporting withheld funds to the State and to the payee, and for remitting withheld funds to the State in the same manner as is done for wage withholding under IC 6-3-4-8.

A handwritten signature in black ink that reads "John Eckart". The signature is written in a cursive style with a large, looping initial "J".

John Eckart  
Commissioner